

# lastminute.com

## NEWS RELEASE

For Immediate Release

15 May 2003

### QUARTER 2 AND INTERIM FINANCIAL RESULTS AND STATEMENT

#### CONTINUING STRONG PROGRESS IN A TOUGH QUARTER FOR THE TRAVEL INDUSTRY

lastminute.com today announces Quarter 2 2003 and interim results

- Customer conversion rate improved to 29.1% from 18.3% year-on-year
- Total transaction value for the Quarter grew by 126.4% year-on-year to £92.2m (Q2 2002: £40.8m)
- Gross profit for the Quarter up 144.0% to £15.0m (Q2 2002: £6.1m)
- Record forward bookings at 31 March 2003 of £56.0m (Q2 2002: £13.8m) including advanced sales in holiday autos of £31.0m
- Group EBITDA loss before exceptional items £1.7m, down 45.2% year-on-year (Q2 2002: EBITDA loss £3.2m)
- Loss (before goodwill amortisation, exceptional items and taxation) down 20.2% year-on-year to £4.2m (Q2 2002: £5.3m)
- Operating cash inflow (before exceptional items) of £0.9m for the Quarter (Q2 2002: outflow of £1.4m) after £0.6 million outflow in holiday autos
- "Breakbuilder", the lastminute.com dynamic packaging product, achieved TTV of £5.3m in the Quarter and now represents 9.7% of UK TTV
- The holiday autos acquisition, the largest leisure car rental broker in the world, now completed

#### **Allan Leighton, Chairman said:**

"Our model demonstrated its resilience in the last Quarter which was tough for the travel industry. Quarter 3 has started well with a record order bank for Easter departures. We remain confident that we will meet our expectations of continued growth and overall Group profitability for the current Quarter and the year as a whole."

#### **Brent Hoberman, Chief Executive, added:**

"During the Quarter the Group continued to gain momentum towards the peak Summer season with a record order bank and record margins. Industry trends are leading towards more last minute internet booking, more short breaks and more consumers building their own flexible packages. These trends have ensured that demand for our products remained robust and delivered 60% organic growth in the Quarter."

**lastminute.com plc**  
**Quarter 2 2003 Results**

**Financial Highlights (£'000s)**

<b>Year -on-year</b>	<b>Quarter ended 31 Mar 2003</b>	<b>Quarter ended 31 Mar 2002</b>	<b>Growth</b>
Registered subscribers at quarter end	7,048,395	5,023,567	40.3%
Cumulative unique customers since inception <sup>1</sup>	1,821,830	819,912	122.2%
New unique customers in the quarter	303,455	150,362	101.8%
Number of items sold in the quarter	712,011	358,569	98.6%
Total transaction value (departure based) <sup>2</sup>	£92,249	£40,752	126.4%
Total turnover (incl. share of joint ventures)	£21,195	£6,764	213.4%
Gross profit	£14,963	£6,133	144.0%
Gross margin	16.2%	15.0%	<b>Up 1.2 percentage points</b>
EBITDA (pre exceptional items)	£(1,731)	£(3,159)	<b>Loss down 45.2%</b>
EBITDA	£ (3,076)	£(3,159)	<b>Loss down 2.6%</b>
Loss before taxation (pre exceptional items and goodwill amortisation)	£(4,227)	£(5,296)	<b>Loss down 20.2%</b>
Operating cash inflow/(outflow) <sup>4</sup>	£890	£(1,350)	<b>Inflow up 165.9%</b>
Cash balance at quarter end <sup>3</sup>	£52,334	£34,747	50.6%
<b>Quarter-on-quarter</b>	<b>Quarter ended 31 Mar 2003</b>	<b>Quarter ended 31 Dec 2002</b>	<b>Growth</b>
Registered subscribers at quarter end	7,048,395	6,828,254	3.2%
Cumulative unique customers since inception <sup>1</sup>	1,821,830	1,518,375	20.0%
New unique customers in the quarter	303,455	240,488	26.2%
Number of items sold in the quarter	712,011	570,052	24.9%
Total transaction value (departure based) <sup>2</sup>	£92,249	£87,079	5.9%
Total turnover (incl. share of joint ventures)	£21,195	£11,758	80.3%
Gross profit	£14,963	£11,323	32.1%
Gross margin	16.2%	13.0%	<b>Up 3.2 percentage points</b>
EBITDA (pre exceptional items)	£(1,731)	£(1,575)	<b>Loss up 9.9%</b>
EBITDA	£ (3,076)	£(1,575)	<b>Loss up 95.3%</b>
Loss before taxation (pre exceptional items and goodwill amortisation)	£(4,227)	£(3,838)	<b>Loss up 10.1%</b>
Operating cash inflow/(outflow) <sup>4</sup>	£890	£(7,383)	<b>Inflow up 112.1%</b>
Cash balance at quarter end <sup>3</sup>	£52,334	£41,913	24.9%

1 Only includes acquired unique customers from the points of acquisition.

2 TTV does not represent the Group's statutory turnover and comprises amounts relating to the Group and its share of joint ventures.

3 The holiday autos group overdraft of £10.1m is included within creditors.

4 Pre exceptional items and acquisition related liabilities

**Enquiries:**

**lastminute.com**

Brent Hoberman – Chief Executive Officer  
Martha Lane Fox – Group Managing Director  
David Howell – Chief Financial Officer

**+44 (0) 20 7802 4498**

**Hudson Sandler**

Lesley Allan  
Noémie de Andia

**+44 (0) 20 7796 4133**

High resolution photographs will be available to media at [www.vismedia.co.uk](http://www.vismedia.co.uk)

**Notes to Editors:**

**About lastminute.com**

lastminute.com operates directly in eight European countries and participates in four international joint ventures, providing inspirations and solutions for customers at the last minute. At 31 March 2003 lastminute.com had over 7 million subscribers to its weekly newsletter and had established over 15,000 supplier relationships.

The business is based on the idea of matching supply and demand. lastminute.com offers consumers opportunities to acquire airline tickets, hotel rooms, package holidays, car-hire, entertainment tickets, restaurant reservations and food delivery, speciality services, gifts and auctions in the United Kingdom, France, Germany, Italy, Sweden, the Netherlands, Spain, Belgium, Australia, New Zealand, South Africa and Japan.

**lastminute.com plc**  
**Quarter 2 2003 Results**

**CHAIRMAN'S STATEMENT**

The Group has continued to make significant progress during the past six months and the second quarter despite the uncertainty surrounding Iraq at the start of the Quarter and the subsequent hostilities in that country.

lastminute.com is in a strong position with a product mix that has ensured that it has been able to minimise the effect of outside factors like the Iraqi situation and more recently SARS. As a result, we have been broadly able to achieve our target of approximately 35% of our anticipated full year TTV by the end of the first half. TTV for Quarter 2 was £92.2m, including a £9.5m contribution from holiday autos, with the Group entering Quarter 3 with a record order bank. This is partly a result of Easter falling late this year and partly an improvement in consumer confidence following the cessation of hostilities in Iraq.

**Subscriber numbers now in excess of 7 million**

During the Quarter ended 31 March 2003 the Group's subscribers increased to beyond 7.0 million, a growth of 40.3% from the equivalent quarter of the prior year.

**Positive operating cashflow (pre exceptional items)**

The Group has delivered positive operating cash flow (pre exceptional items and acquisition related liabilities) of £0.9m during the Quarter, a significant improvement from the £7.4m outflow seen in the previous quarter. This has been achieved despite increased capital expenditure in Quarter 2 in relation to substantial further investments in our technical platforms for flights and Dynamic Packaging.

**Acquisition of holiday autos group**

On 26 March 2003 the Group announced its intention to acquire the holiday autos group and the acquisition successfully completed on 16 April 2003. This acquisition is a further key milestone for the development of the Group and it moves us materially towards our goal of delivering £1 billion of TTV with significant margins and EBITDA in the medium term. We assumed effective management control of the business on 1 March 2003 and have, therefore, included the results from holiday autos group for that one month period.

The initial consideration for the acquisition was £39.0m and was satisfied through the issue of 27,191,771 shares and £16.0m in cash, £12.0m of which was raised through the placing of fully underwritten shares and £4.0m from the Group's existing cash resources.

**Outlook**

Our model demonstrated its resilience in the last Quarter which was tough for the travel industry. Quarter 3 has started well with a record order bank for Easter departures. We remain confident that we will meet our expectations of continued growth and overall Group profitability, pre exceptional items and goodwill amortisation, for the current Quarter and the year as a whole.

**Allan Leighton**  
Chairman  
15 May 2003

**lastminute.com plc**  
**Quarter 2 2003 Results**

## **OPERATIONAL REVIEW**

### **Further growth in subscribers, customers and conversion**

Year-on-year we continue to see significant increases in the number of subscribers, customers and the conversion of lookers to bookers. Subscribers have increased to in excess of 7.0 million at 31 March 2003, which represents an increase of 40.3% year-on-year (Q2 2002: 5.0 million).

Customers have continued to be attracted to purchase from our websites resulting in increased customer numbers. The cumulative number of unique customers since inception has grown by 122.2% to over 1.8 million at 31 March 2003 (Q2 2002: 0.8 million), including 50,000 customers for holiday autos for the month of March 2003.

The conversion rate also continues to grow and stood at 29.1% at 31 March 2003, up from 25.6% at 31 December 2002. This success is due in part to ongoing technological enhancements to the website as well as the attractiveness of our product offering, both of which have led to improved conversion rates.

### **Continuing total transaction value (TTV) growth and margin quality**

Year-on-year TTV growth continues with our varied product base and competitive pricing contributing to this growth. We have also improved the overall gross margin to 16.2% (Q2 2002: 15.0%) despite strong TTV growth in the UK short haul flights area. In Continental Europe, the TTV performance has been mixed with France and Germany being slower than we originally anticipated, however, more recently there have been signs of an improvement.

TTV during Quarter 2 2003 on Quarter 2 2002 has grown by 126.4% to £92.2m (Q2 2002: £40.8m) with the UK growing by 168.8% to £54.6m and France growing by 46.1% to £22.6m. Overall TTV benefited from a month's contribution from holiday autos of £9.5m. Due to the increasing significance of our Italian business, we have for the first time presented this area separately in our segmental analysis. Italy is delivering significant TTV growth which for Quarter 2 2003 totalled £4.0m (Q2 2002: £0.9m), up 356.8% year-on-year. The acquisition of the holiday autos group will contribute significantly to scale in our German business as approximately 30.0% of holiday autos revenues were earned in Germany during 2002 and we will benefit from the strong relationships they have in this marketplace.

At the half year stage to 31 March 2003 we have delivered £179.3m of departure date TTV. As previously mentioned, the late Easter this year resulted in TTV for this important travel period not being included in the Quarter 2 results. Consequently at 31 March 2003, the Group's order bank of confirmed forward sales stood at a record level of £56.0m, including £31.0m of forward sales in holiday autos. Almost half of the Group's 31 March 2003 TTV order bank was scheduled to depart during the month of April.

The increase in the Group's gross margin is partly due to the growth in commercial sales on the lastminute.com websites and partly due to the benefit of including the results of holiday autos group for the first time. The Group's underlying gross margin improved from that seen in Quarter 1 2003 growing from 13.0% to 13.9%, despite the increased volume of UK short haul flights. Gross profit for Quarter 2 2003 has increased year-on-year by 144.0% to £15.0m (Q2 2002: £6.1m) and quarter-on-quarter by 32.1% (Q1 2003: £11.3m), reflecting the contribution from the holiday autos business and the improved margins in the underlying business generally.

### **Continued growth from Dynamic Packaging**

We are very pleased with the performance of our dynamic packaging product "Breakbuilder", which at the end of Quarter 2 represented 9.7% of UK TTV. For Quarter 2 2003, Dynamic Packaging achieved TTV of £5.3m, demonstrating the attractiveness of this customer proposition and continued rapid category development seen since the initial launch.

Dynamic Packaging is planned to be launched in our French, German and Italian businesses later this financial year, and in advance of the key Summer Quarter. During the second half of the financial year the product range will also be further extended to include car hire, insurance and airport parking.

**lastminute.com plc**  
**Quarter 2 2003 Results**

**Investment to deliver a more flexible cost base**

During Quarter 2 2003, we incurred an exceptional charge of £1.3m for costs associated with the re-organisation of the cost base to be more flexible in nature. A further £1.0m of exceptional costs are expected to be incurred in Quarter 3 of a similar nature. These costs relate principally to planned redundancy programmes and related expenditure and the streamlining of our flight processes. The cost base re-organisation benefits the Group as it provides a less fixed and more variable cost base from which to operate by the use of outsourced organisations which charge a per unit fee rather than a per employee cost.

Costs for Quarter 2 2003, before the exceptional charge, continue generally in line with expectations.

As announced at the time of the acquisition of holiday autos, a full year exceptional charge of £1.5m will be incurred before the end of Quarter 4. Part will be incurred in Quarter 3 and part in Quarter 4.

**Integration of acquisitions**

The integration of the Travelprice.com business in France and Italy was completed as planned by 28 February 2003 and we are now starting to see the benefits of the cost synergies arising following the restructuring and integration actions taken after the acquisition of that business. The synergy savings will benefit the Group from Quarter 3 onwards.

**Ongoing development of supplier relationships and product availability**

During the Quarter the Group continued to broaden supplier relationships and product availability.

In March 2003 we launched city breaks at our lowest ever prices in an exclusive promotion with British Airways and five key international hotel partners (Hilton, Le Meridien, Radisson SAS, Sol Melia and Swissotel).

We also announced an exclusive deal with BCP, the UK's leading airport parking booking service, which allows our UK customers booking travel online to save money on airport parking. In addition, we announced a partnership with Mondial to provide customers with cost effective travel insurance.

Also during the Quarter, the Group signed a pan-European marketing arrangement with Alitalia, Italy's national carrier. The agreement will give lastminute.com customers access to all Alitalia's leisure fares worldwide.

In the Entertainments product category, we announced a partnership with Theatrenow, the independent information service for theatregoers and late availability online ticket channel. This partnership creates a new independent ticket sale and marketing channel for producers and theatre venues.

**Further brand building partnerships**

In March 2003 we joined with Eurostar to launch, through the newly branded 'leweekend' website, a three month campaign bringing together the best of both brands, offering access to a wide variety of short break packages as well as ski offers and direct access to the Alps. Eurostar is also promoting this in their terminals.

During the Quarter we continued to leverage the lastminute.com brand with various key partners. In February we announced "the Big Mac™ experience" - a major marketing initiative with McDonalds™, heavily marketed online in lastminute.com newsletters and the UK website, instore by McDonalds and supported by TV advertising for the duration of the four week promotion. This promotion was also run in conjunction with Travelprice.com in France.

Continuing our promise to deliver lastminute.com products and services on the communications device most useful to every customer, we launched the lastminute.com service on Vodafone Live! allowing browsers to access various travel and leisure products from the lastminute.com database. With this new functionality, customers can view colour pictures and information on a range of lastminute.com holidays, flights, hotels, entertainment tickets, gifts and restaurant offers. We also announced the further development of our existing relationship with BT Broadband via a joint promotion that gives customers using any of BT's 1,300 UK Internet Kiosks free rental of one of thousands of films on DVD via the lastminute.com DVD delivery service.

**lastminute.com plc**  
**Quarter 2 2003 Results**

In April 2003, we teamed up with Masterfoods, a division of Mars UK Limited 2003, for the 'chocollect' pack promotion, on some of the UK's biggest confectionary brands – including Mars, Twix, Bounty, Maltesers and Snickers. With promotion on television, national press, online and instore, this continues the expansion of the lastminute.com brand through the use of innovative marketing campaigns.

**Continued customer satisfaction**

Our improved conversion rate is enhanced by our level of customer satisfaction: of those who responded, 96% of our customers would return to lastminute.com for their future purchases.

**Technological developments**

We have continued to make significant investments in the area of our flights engine and dynamic packaging. The V3 flights engine is now operated Groupwide and dynamic packaging has seen substantial improvement in the depth of the product offering. "Breakbuilder" will be further enhanced during the remainder of the financial year with both geographic expansion and a wider product set. Early in Quarter 3 a new shopping basket has been launched which will make integration and connection to other websites much faster. This will be rolled-out across other geographies and products as the quarter progresses.

The technology team have also spent time developing a number of connectivity projects for our hotel and holiday partners. The new shopping basket will ensure that these projects can be delivered earlier in the development cycle. Back office automation has also remained a key deliverable for the technical group with Oracle Financials now installed across the majority of the Group's businesses.

**Brent Hoberman**  
Chief Executive Officer

**Martha Lane Fox**  
Group Managing Director  
15 May 2003

**lastminute.com plc**  
**Quarter 2 2003 Results**

## **FINANCIAL REVIEW**

### **Total transaction value (TTV), turnover and gross margins**

TTV for Quarter 2 was £92.2m (Q2 2002: £40.8m, Q1 2003: £87.1m), representing an increase of 126.4% and 5.9% over the equivalent period of the prior year and prior quarter respectively. Turnover including our share of joint ventures for the Quarter totalled £21.2m (Q2 2002: £6.8m, Q1 2003: £11.8m), increases of 213.4% and 80.3% year-on-year and quarter-on-quarter respectively. Gross profit for the Quarter was £15.0m (Q2 2002: £6.1m, Q1 2003: £11.3m) representing increases of 144.0% and 32.1% year-on-year and quarter-on-quarter respectively.

TTV for the six months ended 31 March 2003 was £179.3m representing an increase of 147.4% over the equivalent period of the prior year (6 months ended 31 March 2002: £72.5m).

### **Exceptional item - charge to allow increased cost base flexibility**

As mentioned in the Operational Review, during the Quarter we have incurred an exceptional charge of £1.3m essentially to improve the flexibility of our cost base and move from fixed to variable. Excluding the effect of this exceptional charge and after taking into account the impact of additional costs from one month's results of the holiday autos group, total Group costs continue broadly in line with expectations. A further £1.0m of exceptional costs are expected to be incurred in Quarter 3 of a similar nature.

As announced at the time of acquisition of holiday autos, a full year exceptional charge of £1.5m will be incurred before the end of Quarter 4. Part of this will be incurred in Quarter 3 and part in Quarter 4.

The growth in overall costs for the half year reflects the increased cost bases associated with the various acquisitions made since Q2 2002.

### **EBITDA performance**

Losses before exceptional items, interest, taxation, depreciation and goodwill amortisation have reduced by 45.2% year-on-year to £1.7m. These significant improvements continue to be delivered through increased sales, improved operating margins and tight cost control.

For the half year the EBITDA loss (pre exceptional items) has improved by 60.0% from £8.3m to £3.3m.

### **Operating loss improvements**

Group operating losses before exceptional items and goodwill amortisation, include £0.5m of operating losses from the recently acquired holiday autos group, which is in line with our expectations. Excluding exceptional items and goodwill amortisation, the Group's operating loss for Quarter 2 2003 has declined by 20.2% year-on-year to £4.2m (Q2 2002: £5.3m). Quarter 2 2003 on Quarter 1 2003, the Group's ongoing operating loss before exceptional items and goodwill amortisation has declined by 6.8% to £3.8m (Q1 2003: £4.0m) before inclusion of an operating loss of £0.5m from holiday autos.

### **Operating cash inflow**

During the Quarter ending 31 March 2003 the Group delivered operating cash inflow before exceptional items and acquisition related liabilities of £0.9m (Q1 2003: operating cash outflow of £7.4m, Q2 2002: operating cash outflow £1.4m). The £0.9m is net of £0.6m of operating cash outflows for the holiday autos group in the month of March.

### **Balance sheet**

Included within the Group's cash balance at 31 March 2003 is £12.0m of funds raised from the placement arranged in March 2003 in connection with the holiday autos acquisition. A creditor for £16.0m is also included within creditors at 31 March 2003 as this amount was paid to the vendors as consideration during April 2003.

Also included within creditors are approximately £49.6m of current liabilities from the holiday autos group including the record forward sales position for holiday autos.

**lastminute.com plc**  
**Quarter 2 2003 Results**

The Group's overall cash balance of £52.3m includes the £12.0m referred to above. The overdraft of the holiday autos group of £10.1m at 31 March 2003 is not included in the cash balance, but shown in creditors.

**David Howell**  
Chief Financial Officer  
15 May 2003



**lastminute.com plc**  
**Quarter 2 2003 Results**

**INDEPENDENT REVIEW REPORT to lastminute.com plc**

**Introduction**

We have been instructed by the company to review the financial information for the three and six months ended 31 March 2003, which comprises the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and the related notes 1 to 6. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

**Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

**Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

**Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the three months and six months ended 31 March 2003.

Ernst & Young LLP  
London  
15 May 2003

**lastminute.com plc**  
**Quarter 2 2003 Results**

**Consolidated profit and loss account**

	6 months ended 31 Mar 2003 Before exceptional items £000s (Unaudited)	6 months ended 31 Mar 2003 Exceptional items £000s (Unaudited)	6 months ended 31 Mar 2003 Total £000s (Unaudited)	6 months ended 31 Mar 2002 Total £000s (Unaudited)
<b>Total transaction value (departure based)<sup>1</sup></b>	<b>179,328</b>	-	<b>179,328</b>	<b>72,483</b>
<b>Turnover</b>				
Group and share of joint ventures	32,953	-	<b>32,953</b>	11,538
Less: share of joint ventures	(454)	-	<b>(454)</b>	(88)
Continuing operations:				
- Ongoing	22,763	-	<b>22,763</b>	11,450
- Acquisitions	9,736	-	<b>9,736</b>	-
<b>Group turnover</b>	<b>32,499</b>	-	<b>32,499</b>	<b>11,450</b>
Cost of sales	6,213	-	<b>6,213</b>	856
<b>Gross profit</b>	<b>26,286</b>	-	<b>26,286</b>	<b>10,594</b>
<b>Operating costs</b>				
Product development	3,549	617	<b>4,166</b>	3,088
Sales and marketing	17,877	-	<b>17,877</b>	10,482
General and administration	8,166	728	<b>8,894</b>	5,287
<b>Operating costs before depreciation and goodwill amortisation</b>	<b>29,592</b>	<b>1,345</b>	<b>30,937</b>	<b>18,857</b>
<b>EBITDA</b>	<b>(3,306)</b>	<b>(1,345)</b>	<b>(4,651)</b>	<b>(8,263)</b>
Depreciation	4,893	-	<b>4,893</b>	4,624
Goodwill amortisation	16,528	-	<b>16,528</b>	7,330
<b>Total operating costs</b>	<b>51,013</b>	<b>1,345</b>	<b>52,358</b>	<b>30,811</b>
<b>Operating loss</b>				
Continuing operations:				
- Ongoing	(24,318)	(1,345)	<b>(25,663)</b>	(20,217)
- Acquisitions	(409)	-	<b>(409)</b>	-
<b>Group operating loss</b>	<b>(24,727)</b>	<b>(1,345)</b>	<b>(26,072)</b>	<b>(20,217)</b>
Share of operating loss in joint ventures	(380)	-	<b>(380)</b>	(178)
Share of operating loss in associate	(5)	-	<b>(5)</b>	-
Goodwill amortisation arising on the investment in an associate	(296)	-	<b>(296)</b>	-
<b>Loss on ordinary activities before interest and taxation</b>	<b>(25,408)</b>	<b>(1,345)</b>	<b>(26,753)</b>	<b>(20,395)</b>
Interest receivable	569	-	<b>569</b>	623
Interest payable and similar charges	(51)	-	<b>(51)</b>	(30)
<b>Loss on ordinary activities before taxation</b>	<b>(24,890)</b>	<b>(1,345)</b>	<b>(26,235)</b>	<b>(19,802)</b>
Tax on loss on ordinary activities	-	-	-	-
<b>Loss on ordinary activities after taxation</b>	<b>(24,890)</b>	<b>(1,345)</b>	<b>(26,235)</b>	<b>(19,802)</b>
<b>Loss per share- basic and diluted</b>	<b>(10.27)p</b>	<b>(0.55)p</b>	<b>(10.82)p</b>	<b>(11.39)p</b>
<b>Weighted number of Ordinary Shares outstanding</b>			<b>242,562,103</b>	173,875,106
<b>Loss on ordinary activities before taxation (pre goodwill amortisation) (see note 3)</b>	<b>(8,066)</b>	<b>(1,345)</b>	<b>(9,411)</b>	<b>(12,472)</b>

<sup>1</sup> TTV does not represent the Group's statutory turnover and comprises amounts relating to the Group and its share of joint ventures.

**lastminute.com plc**  
**Quarter 2 2003 Results**

**Consolidated profit and loss account**

	Quarter ended 31 Mar 2003	Quarter ended 31 Mar 2003	Quarter ended 31 Mar 2003	Quarter ended 31 Mar 2002	Quarter ended 31 Dec 2002
	Before exceptional items £000s (Unaudited)	Exceptional items £000s (Unaudited)	Total £000s (Unaudited)	£000s (Unaudited)	£000s (Unaudited)
<b>Total transaction value (departure based)<sup>1</sup></b>	<b>92,249</b>	<b>-</b>	<b>92,249</b>	<b>40,752</b>	<b>87,079</b>
<b>Turnover</b>					
Group and share of joint ventures	21,195	-	21,195	6,764	11,758
Less: share of joint ventures	(381)	-	(381)	(41)	(73)
Continuing operations:					
- Ongoing	11,328	-	11,328	6,723	11,435
- Acquisitions	9,486	-	9,486	-	250
<b>Group turnover</b>	<b>20,814</b>	<b>-</b>	<b>20,814</b>	<b>6,723</b>	<b>11,685</b>
Cost of sales	5,851	-	5,851	590	362
<b>Gross profit</b>	<b>14,963</b>	<b>-</b>	<b>14,963</b>	<b>6,133</b>	<b>11,323</b>
<b>Operating costs</b>					
Product development	1,889	617	2,506	1,527	1,660
Sales and marketing	10,729	-	10,729	5,431	7,148
General and administration	4,076	728	4,804	2,334	4,090
<b>Operating costs before depreciation and goodwill amortisation</b>	<b>16,694</b>	<b>1,345</b>	<b>18,039</b>	<b>9,292</b>	<b>12,898</b>
<b>EBITDA</b>	<b>(1,731)</b>	<b>(1,345)</b>	<b>(3,076)</b>	<b>(3,159)</b>	<b>(1,575)</b>
Depreciation	2,490	-	2,490	2,265	2,403
Goodwill amortisation	9,255	-	9,255	3,665	7,273
<b>Total operating costs</b>	<b>28,439</b>	<b>1,345</b>	<b>29,784</b>	<b>15,222</b>	<b>22,574</b>
<b>Operating (loss)/profit</b>					
Continuing operations:					
- Ongoing	(13,012)	(1,345)	(14,357)	(9,089)	(11,306)
- Acquisitions	(464)	-	(464)	-	55
<b>Group operating loss</b>	<b>(13,476)</b>	<b>(1,345)</b>	<b>(14,821)</b>	<b>(9,089)</b>	<b>(11,251)</b>
Share of operating loss in joint ventures	(266)	-	(266)	(91)	(113)
Share of operating loss in associate	-	-	-	-	(5)
Goodwill amortisation arising on the investment in an associate	(148)	-	(148)	-	(148)
<b>Loss on ordinary activities before interest and taxation</b>	<b>(13,890)</b>	<b>(1,345)</b>	<b>(15,235)</b>	<b>(9,180)</b>	<b>(11,517)</b>
Interest receivable	295	-	295	236	274
Interest payable and similar charges	(35)	-	(35)	(17)	(16)
<b>Loss on ordinary activities before taxation</b>	<b>(13,630)</b>	<b>(1,345)</b>	<b>(14,975)</b>	<b>(8,961)</b>	<b>(11,259)</b>
Tax on loss on ordinary activities	-	-	-	-	-
<b>Loss on ordinary activities after taxation</b>	<b>(13,630)</b>	<b>(1,345)</b>	<b>(14,975)</b>	<b>(8,961)</b>	<b>(11,259)</b>
<b>Loss per share - basic and diluted</b>	<b>(5.53)p</b>	<b>(0.54)p</b>	<b>(6.07)p</b>	<b>(5.14)p</b>	<b>(4.72)p</b>
<b>Weighted number of Ordinary Shares outstanding</b>			<b>246,835,901</b>	174,305,296	238,310,865
<b>Loss on ordinary activities before taxation (pre goodwill amortisation) (see note 3)</b>	<b>(4,227)</b>	<b>(1,345)</b>	<b>(5,572)</b>	<b>(5,296)</b>	<b>(3,838)</b>

<sup>1</sup> TTV does not represent the Group's statutory turnover and comprises amounts relating to the Group and its share of joint ventures.

**lastminute.com plc**  
**Quarter 2 2003 Results**

**Consolidated Balance Sheet**

	At 31 Mar 2003 £000s (Unaudited)	At 31 Mar 2002 £000s (Unaudited)	At 31 Dec 2002 £000s (Unaudited)	At 30 Sept 2002 £000s (Audited)
<b>FIXED ASSETS</b>				
Intangible assets	140,907	36,661	76,408	81,457
Tangible assets	19,763	11,048	12,271	12,081
Investments – joint ventures				
– gross assets	974	827	1,177	1,255
– gross liabilities	(512)	(189)	(450)	(396)
– total net assets	462	638	727	859
– associate	1,941	-	2,089	2,232
Total investments	2,403	638	2,816	3,091
<b>Total fixed assets</b>	<b>163,073</b>	<b>48,347</b>	<b>91,495</b>	<b>96,629</b>
<b>CURRENT ASSETS</b>				
Stock	515	107	159	75
Debtors	32,623	9,893	16,431	16,101
Cash at bank and in hand	52,334	34,747	41,913	49,617
<b>CREDITORS: amounts falling due within one year</b>	<b>85,472</b> <b>(126,777)</b>	<b>44,747</b> <b>(24,172)</b>	<b>58,503</b> <b>(49,444)</b>	<b>65,793</b> <b>(53,690)</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<b>(41,305)</b>	<b>20,575</b>	<b>9,059</b>	<b>12,103</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>121,768</b>	<b>68,922</b>	<b>100,554</b>	<b>108,732</b>
<b>CREDITORS: amounts falling due after more than one year</b>	<b>-</b>	<b>(116)</b>	<b>(6)</b>	<b>(42)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>(1,236)</b>	<b>(554)</b>	<b>(2,838)</b>	<b>(4,114)</b>
<b>TOTAL NET ASSETS</b>	<b>120,532</b>	<b>68,252</b>	<b>97,710</b>	<b>104,576</b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	2,587	1,743	2,425	2,360
Share premium account	141,280	112,950	128,330	123,631
Shares to be issued	30,845	-	4,600	3,600
Merger reserve	100,851	61,892	100,851	99,848
Other reserves	3,305	5,512	3,955	6,439
Profit and loss account	(158,336)	(113,845)	(142,451)	(131,302)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	<b>120,532</b>	<b>68,252</b>	<b>97,710</b>	<b>104,576</b>

lastminute.com plc  
Quarter 2 2003 Results

**Consolidated Statement of Cash Flows**

	Quarter ended 31 Mar 2003 £000s (Unaudited)	Quarter ended 31 Mar 2002 £000s (Unaudited)	Quarter ended 31 Dec 2002 £000s (Unaudited)	6 mths ended 31 Mar 2003 £000s (Unaudited)	6 mths ended 31 Mar 2002 £000s (Unaudited)
<b>NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES</b>	3,773	(485)	(5,090)	(1,317)	(4,035)
Cash outflow from exceptional items and acquisition related liabilities (see note 4)	(3,487)	-	(1,879)	(5,366)	-
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received	295	236	274	569	623
Interest paid and interest element of finance lease rental payments	(35)	(17)	(16)	(51)	(30)
<b>Net returns on investments and servicing of finance</b>	260	219	258	518	593
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Payments to acquire tangible fixed assets	(3,143)	(1,084)	(2,551)	(5,694)	(2,016)
Receipts from sale of tangible fixed assets	-	-	-	-	282
<b>NET CASH OUTFLOW BEFORE ACQUISITIONS AND MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>	(2,597)	(1,350)	(9,262)	(11,859)	(5,176)
<b>ACQUISITIONS</b>					
(Overdraft)/ cash acquired with subsidiary undertakings	(9,551)	-	44	(9,507)	-
Payments to acquire subsidiary undertakings	(97)	(436)	(966)	(1,063)	(6,704)
<b>NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>	(12,245)	(1,786)	(10,184)	(22,429)	(11,880)
<b>MANAGEMENT OF LIQUID RESOURCES</b>					
Increase in short term deposits	(290)	(178)	(1,485)	(1,775)	(1,573)
<b>FINANCING</b>					
Issue of share capital	12,661	3	2,677	15,338	10
Repayment of capital elements of finance leases	(36)	-	(36)	(72)	-
<b>INCREASE/(DECREASE) IN CASH</b>	90	(1,961)	(9,028)	(8,938)	(13,443)
<b>RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS</b>					
<b>INCREASE/(DECREASE) IN CASH</b>	90	(1,961)	(9,028)	(8,938)	(13,443)
Cash outflow from short term deposits	290	178	1,485	1,775	1,573
Repayment of capital elements of finance leases	36	-	36	72	-
Changes in net funds resulting from cash flows	416	(1,783)	(7,507)	(7,091)	(11,870)
<b>NET FUNDS AT THE BEGINNING OF THE PERIOD</b>	41,913	36,530	49,420	49,420	46,617
<b>NET FUNDS AT THE END OF THE PERIOD</b>	42,329	34,747	41,913	42,329	34,747
<b>Operating cash inflow/(outflow) before exceptional items and acquisition related liabilities (see note 4)</b>	890	(1,350)	(7,383)	(6,493)	(5,176)

**lastminute.com plc**  
**Quarter 2 2003 Results**

**Notes to the Interim Results**

**1. Basis of reporting**

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ending 30 September 2002. The financial information contained in this interim statement does not constitute statutory accounts within the meaning as defined in Section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 30 September 2002. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

**2. Additional information**

	Quarter ended 31 Mar 2003	Quarter ended 31 Dec 2002	Quarter ended 30 Sept 2002	Quarter ended 30 Jun 2002	Quarter ended 31 Mar 2002	Quarter ended 31 Dec 2001
Number of registered subscribers at period end	7,048,395	6,828,254	6,443,381	5,603,890	5,023,567	4,591,426
Number of customers at period end	1,821,830	1,518,375	1,277,887	1,016,932	819,912	669,550
Number of items sold in period	712,011	570,052	633,603	428,765	358,569	298,425
Number of suppliers at period end	15,014	14,732	14,454	15,324	10,737	10,113

**3. Reconciliation of loss on ordinary activities before taxation (pre goodwill amortisation)**

£'000s	Quarter ended 31 Mar 2003	Quarter ended 31 Mar 2002	Quarter ended 31 Dec 2002	6 mths ended 31 Mar 2003	6 mths ended 31 Mar 2002
Loss on ordinary activities before taxation	(14,975)	(8,961)	(11,259)	(26,235)	(19,802)
Add: goodwill amortisation (group and associate)	9,403	3,665	7,421	16,824	7,330
<b>Loss on ordinary activities before taxation (pre goodwill amortisation)</b>	<b>(5,572)</b>	<b>(5,296)</b>	<b>(3,838)</b>	<b>(9,411)</b>	<b>(12,472)</b>

**4. Reconciliation of operating cash inflow/(outflow) (before exceptional items and acquisition related liabilities)**

£'000s	Quarter ended 31 Mar 2003	Quarter ended 31 Mar 2002	Quarter ended 31 Dec 2002	6 mths ended 31 Mar 2003	6 mths ended 31 Mar 2002
<b>Net cash outflow before acquisitions and management of liquid resources and financing</b>	<b>(2,597)</b>	<b>(1,350)</b>	<b>(9,262)</b>	<b>(11,859)</b>	<b>(5,176)</b>
Add: cash outflow from exceptional items	2,886	-	1,230	4,116	-
cash outflow from acquisition related liabilities	601	-	649	1,250	-
<b>Operating cash inflow/(outflow) (before exceptional items and acquisition related liabilities)</b>	<b>890</b>	<b>(1,350)</b>	<b>(7,383)</b>	<b>(6,493)</b>	<b>(5,176)</b>

**lastminute.com plc**  
**Quarter 2 2003 Results**

**5. Total transaction value (TTV), turnover and segmental analysis**

The Group is engaged in the provision of last minute travel, leisure and gift solutions to its customers via the Internet and other related electronic distribution platforms. The Group's TTV and turnover are all generated within this segment.

**Geographical analysis:**

	TTV (by destination and source)				Turnover (by destination and source)			
	Quarter ended 31 Mar 2003 £'000s	Quarter ended 31 Mar 2002 £'000s	6 months ended 31 Mar 2003 £'000s	6 months ended 31 Mar 2002 £'000s	Quarter ended 31 Mar 2003 £'000s	Quarter ended 31 Mar 2002 £'000s	6 months ended 31 Mar 2003 £'000s	6 months ended 31 Mar 2002 £'000s
By geographical area:								
United Kingdom	54,630	20,327	111,989	37,879	11,442	3,206	19,357	5,748
France	22,644	15,503	42,667	26,067	3,511	2,978	6,261	4,630
Germany	6,634	2,818	9,301	4,776	3,627	326	3,974	607
Italy	3,970	869	7,281	1,595	361	128	751	316
Other European Union countries	3,539	837	6,526	1,337	1,873	85	2,156	149
Group	91,417	40,354	177,764	71,654	20,814	6,723	32,499	11,450
Joint ventures	832	398	1,564	829	381	41	454	88
	92,249	40,752	179,328	72,483	21,195	6,764	32,953	11,538
	<b>Net loss on ordinary activities before taxation<sup>2</sup></b>				<b>Net assets/(liabilities)<sup>2</sup></b>			
By geographical area:								
United Kingdom <sup>1</sup>	(6,185)	(2,207)	(10,577)	(7,619)	126,054	56,454		
France	(6,636)	(5,436)	(12,837)	(10,178)	(40,908)	(13,279)		
Germany	(762)	(872)	(1,305)	(1,417)	(11,549)	(8,391)		
Italy	(72)	(193)	(122)	(368)	(1,183)	(1,444)		
Other European Union countries	(1,166)	(381)	(1,231)	(635)	(6,619)	(473)		
	(14,821)	(9,089)	(26,072)	(20,217)	65,795	32,867		
Share of operating loss and net (liabilities)/assets of joint ventures	(266)	(91)	(380)	(178)	462	638		
Share of operating loss and net liabilities of associate	-	-	(5)	-	1,941	-		
Amortisation of goodwill arising on the acquisition of associate	(148)	-	(296)	-				
Net interest receivable	260	219	518	593				
Interest bearing assets					52,334	34,747		
	(14,975)	(8,961)	(26,235)	(19,802)	120,532	68,252		

<sup>1</sup> The UK losses include central technical development and maintenance costs and the expenses related to the Group management functions, which are not apportioned across the Group's operating business.

<sup>2</sup> Net loss on ordinary activities before taxation for Quarter ended 31 March 2003 includes £9,403,000 of goodwill amortisation (Quarter ended 31 March 2002: £3,665,000). Net assets include £140,907,000 of goodwill (31 March 2002: £36,661,000).

**lastminute.com plc**  
**Quarter 2 2003 Results**

**6. Acquisitions**

In March 2003, the Group acquired holiday autos group Limited for a consideration of £39.0m, which was satisfied in April 2003 by the issue of 27,191,771 new ordinary shares at 84.5 pence each by lastminute.com and cash of £16.0m, £12.0m of which was raised through a placement on 28 March 2003. In addition to the initial consideration, lastminute.com will pay further consideration depending on the total transaction value of the car hire business for the year ended 31 October 2003 and the continued employment of Clive Jacobs to 17 April 2004. The additional consideration has been capped to a maximum payment of £3.3m and may be satisfied either in new shares or in cash, at the option of lastminute.com. Preliminary goodwill arising on the acquisition has been assessed as £72.1m, has been capitalised and is being amortised over four years. The acquisition has been included in the Group balance sheet using the acquisition method of accounting at its fair value. Net liabilities included within the preliminary goodwill assessment totalled £27.1m, including a £9.6m overdraft. Management control was assumed with effect from 1 March 2003 therefore the March results are included in the Group results.



**lastminute.com plc**  
**Quarter 2 2003 Results**

**Definitions**

**Registered subscribers** are users of the lastminute.com website who have submitted their e-mail addresses and other data and have elected to receive lastminute.com's weekly e-mail. This does not include users who register with the company, but elect not to receive its weekly e-mail. Since lastminute.com counts its registered subscribers based on their e-mail addresses, users who register multiple times using different e-mail addresses will count as multiple registered subscribers. For example, if a user has registered with lastminute.com using an e-mail address at work and one at home, the user will be counted as two registered subscribers.

**Total transaction value** does not represent statutory turnover. In the majority of transactions, where lastminute.com acts as agent or cash collector, total transaction value represents the price at which products or services have been sold, net of value added tax and associated taxes. In other cases, for example the reservation of restaurant tables, a flat fee is earned, irrespective of the value of products or services provided. In such cases total transaction value represents the flat fee commission earned. In the small number of cases where lastminute.com acts as principal, total transaction value represents the price at which products or services are sold, net of value added tax and associated taxes. Departure based total transaction value represents total transaction value calculated with reference to the date of departure.

**Turnover:** in the majority of cases, lastminute.com does not take ownership of the products or services being sold and acts as agent, receiving a commission from the supplier of the products or services being sold. In these cases, turnover represents commission earned, less amounts due or paid on any commission shared. In a limited number of cases, lastminute.com acts as principal and purchases the products or services for resale. Where lastminute.com acts as principal, turnover represents the price at which the products or services are sold. Turnover is recognised once charges to the customer's credit card have been made except for travel, which is recognised on the date of departure, and is stated exclusive of value added tax and associated taxes. Additional revenue streams (e.g. sponsorship) also contribute to turnover.

**Gross margin** is defined as gross profit over total transaction value.

**Operating cash inflow/(outflow)** is defined as net cash inflow/(outflow) before management of liquid resources, financing and acquisitions.

**Conversion** is defined as the **number of customers** over the number of **registered subscribers** (excluding those applicable to joint ventures).

The **number of customers** is the cumulative number of customers (excluding repeat customers) since the inception of lastminute.com and the cumulative number of Degriktour, Travelselect.com, Destination Group, Travelprice.com and holiday autos' customers (excluding repeat customers) since acquisition in October 2000, April 2002, June 2002, end of July 2002 and March 2003 respectively. Customers are defined as individuals who have purchased goods and services over the Group's platforms.

An **item sold** is an individually priced product or service purchased by a customer within the period.

The **number of suppliers** includes individual airlines, hotels, holiday package suppliers, entertainment vendors, gift suppliers, restaurants and specialty service suppliers.

**lastminute.com plc**  
**Quarter 2 2003 Results**

This press release may contain forward-looking statements. Expressions of future goals, including without limitation, "intend", "will", "should", "are well on track", "expect" or "continue", and similar expressions reflecting something other than historical fact are intended to identify forward looking statements. The following factors, among others, could cause lastminute.com's actual results to differ materially from those described in the forward looking statements: management of lastminute.com's rapid growth; speed of technological change, including introduction of new architecture for its web sites; systems-related failures; the ability to attract and retain qualified personnel; adverse changes in lastminute.com's relationships with airlines and other product and service providers; adverse changes in the services provided by lastminute.com's suppliers; lastminute.com's ability to attract and develop an adequate international supplier and customer base; potential adverse changes in its commission rates; the effects of increased competition; risks relating to operating internet - based commerce in foreign markets; lastminute.com's dependence on its ability to establish its brand; lastminute.com's ability to protect its domain names and other intellectual property rights; legal and regulatory risks; a slow down in the continued growth of e-commerce and the internet; unforeseen events affecting the travel industry and factors adversely affecting lastminute.com's share price. All such forward-looking statements are made in reliance on the safe harbour provision of the US Private Securities Litigation Reform Act of 1995. These and other risk factors are described in detail in lastminute.com's shareholder circular dated 8 September 2000, which has been filed with the Securities and Exchange Commission, USA and the Financial Services Authority, UK.